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MINISTRY OF COMMERCE

RESOLUTIONS

TARIFFS

*New Delhi, the 14th December 1964*

**No. 10(2)-Tar/64.**—The Tariff Commission has submitted its Report on the Continuance of protection to the Caustic Soda Industry on the basis of an inquiry undertaken by it under sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows:—

- (1) Protection granted to the caustic soda industry should be continued for a further period of three years ending 31st December, 1967 at the existing rates of protective duty, namely, 70 per cent *ad valorem* (Preferential) and 80 per cent *ad valorem* (Standard), exclusive of the surcharge and the countervailing excise duty. These rates of duty are subject to suitable adjustments with the revision of the existing tariff values to afford the same degree of protection.
- (2) The expansion of the caustic soda industry should be encouraged despite the loss of chlorine which is inevitable for some time.
- (3) The alternative suggestions of Tata Chemicals Ltd., namely, the adjustment in the levies on furnace oil in a manner that will bring about economic parity between the use of furnace oil and coal, or the allocation of only high grade coal for the use of the caustic soda industry, may be examined by Government.
- (4) The prospective producer of barium carbonate in the country, namely, Barium Chemicals Ltd., may lose the incentive to start production of the chemical if it is permitted to import the material for distribution within the country. If the trading profits are attractive the Company may have no inducement to commence indigenous production early.
- (5) Future plans for the chemical industry should include the establishment at suitable places of chlorine-based industries. The possibilities of exporting both chlorine and chlorine-based products should also be explored more fully. In this connection incentives for export inclusive of freight concessions, could profitably be increased.

- (6) In order to encourage the use of caustic soda in the form of lye some concession in railway freight rate should be shown in its favour.
- (7) It would be in the interest of the industry if the railways reconsider the entire issue relating to the freight rate for movement of salt in bulk and take a favourable and early decision in the matter in view of the fact that caustic soda and soda ash are basic chemicals for the industrial development of the country.
- (8) Increases in electricity rates for supplies of power to the caustic soda industry should be examined on their own merits by the State Electricity Boards against the background of industrial development in the State.
- (9) The desirable provision in the Maharashtra State Electricity Rules for concession in the cost of power to the industry may be implemented by the Government of Maharashtra as early as possible. This may be emulated by other State Governments.
- (10) Though in a situation of scarcity no system of distribution would be accepted as ideal, still the producers of caustic soda should conceive of an arrangement which would not encourage creation of artificial scarcity and consequent inflation of prices.
- (11) As far as possible the manufacturers of caustic soda should make direct contacts with large consumers for estimating their demand and then channel their distribution through their agents and distributors. So far as the small consumers are concerned, it would be in the interest of smooth distribution to offer their requirements through recognised institutions or Government Departments, by fixing a suitable quota for each State.
- (12) Decontrol of prices of caustic soda and other products was meant to serve as an incentive to increase production rather than as an opportunity for profiteering. The caustic soda industry should, therefore, exercise reasonable self-restraint in its price policy.

2. Government have given careful consideration to recommendation (1) but having regard to the progress the industry has made so far and the fact that in the present circumstances there is no likelihood of any unhealthy competition from imports, Government consider that tariff protection to the Caustic Soda Industry need not be continued beyond 31st December, 1964. The existing statutory rates of duty of 70 per cent *ad valorem* (preferential) and 80 per cent *ad valorem* (standard) will, however, continue. With effect from 1st December, 1964 an exemption notification issued by the Ministry of Finance (Department of Revenue and Company Law) has exempted Caustic Soda from payment of so much of customs duty leviable thereon under the Tariff as is in excess of 40 per cent *ad valorem* (preferential) and 50 per cent *ad valorem* (standard), as a result of abolition of tariff values on Caustic Soda with effect from the same date. Necessary legislation to implement Government decisions will be undertaken in Parliament in due course.

3. Government have taken note of recommendations (2) to (7) and steps will be taken to implement them as far as possible.

4. Attention of the State Governments is drawn to recommendations (8) and (9). Attention of the Government of Maharashtra is also drawn to recommendation (9).

5. Attention of the producers of caustic soda is drawn to recommendation (10) and that of manufacturers of caustic soda and the small consumers is drawn to recommendation (11).

6. Attention of the caustic soda industry is invited to recommendation (12).

#### ORDER

Ordered that the Resolution be published in the Gazette of India and a copy thereof communicated to all concerned.

**No. 10(3)-Tar/64.**—The Tariff Commission has submitted its Report on the continuance of protection to the Soda Ash Industry on the basis of an inquiry undertaken by it under sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows:—

- (1) Protection to the soda ash industry should be continued for a further period of three years from 1st January 1965 to 31st December, 1967 and the existing rates of protective duties, namely, Rs. 11.32 per quintal (Standard) and Rs. 8.37 per quintal (Preferential) exclusive of the additional import duty and the countervailing excise duty, should remain in force.
- (2) If the railways could accept some alternative protective measures for the wagons carrying salt and enable soda ash manufacturers to avail themselves of the rate under classification 35-A of the Goods Tariff, it would help considerably a basic industry like the manufacture of soda ash.
- (3) Rationalisation of the railway freight structure, taking into consideration the necessity for the development of a basic chemical industry like the production of soda ash, might mitigate the hardship of the industry by reducing the incidence of Transport cost on its operations.
- (4) The railway freight structure in respect of limestone used by the chemical industries may be reviewed from the fresh angle of approach.
- (5) The railway authorities should re-examine the issue of allowing Station-to-station freight rates for the transport of limestone required by manufacturers of soda ash.
- (6) Conservation of mineral resources is a very important aspect of planning and economic development and, therefore, a more discriminating use of limestone should be enforced under the supervision of a suitable authority.
- (7) So long as B.P. hard coke is an important raw material for modified Solvay Process which has been permitted in the case of Sahu Chemicals it would only be fair if the allotment of coke is made according to quality needed to the various producers of soda ash keeping in view their special requirements.
- (8) Any facile assumption that self-sufficiency has already been reached in respect of soda ash production in the country is untenable. There is not only the need for the existing producers to make up the lee-way and expand further, if possible, but also there is necessity for at least one or two more new units to go into production as early as possible.
- (9) Any further development of the soda ash industry in the Eastern and Southern regions of the country may have to adopt the modified Solvay Process to obviate the necessity of obtaining limestone from long distance for which there is a large competing demand.
- (10) A reorganisation of the soda ash industry to achieve sizable economies in production should be a matter for earnest consideration by the industry.
- (11) Decontrol of prices should not have been construed by the manufacturers of soda ash as an occasion for making substantial price changes. A certain amount of self-restraint on the part of producers in a protected industry is called for with regard to their price policy and this is very necessary in the interests of national development.

2. Government have given careful consideration to these recommendations but having regard to the progress the industry has made so far and the fact that in the present circumstances there is no likelihood of any unhealthy competition from imports, Government consider that tariff protection to Soda Ash Industry need not be continued beyond 31st December, 1964.

Government, however, propose to continue, for the time being, the rate of duty as at present. Necessary legislation to implement Government's decision will be undertaken in due course.

3. Government have taken note of recommendations (2) to (7) and necessary action will be taken to the extent possible.

4. Attention of the Soda Ash Industry and Manufacturers of Soda Ash is drawn to recommendations (7) to (11).

#### ORDER

Ordered that the Resolution be published in the Gazette of India and a copy thereof be communicated to all concerned.

**No. 12(1)-Tar/64.**—The Tariff Commission has submitted its Report on the continuance of protection to the Calcium Carbide Industry on the basis of an inquiry undertaken by it under Sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows:—

- (1) Protection granted to the calcium carbide industry should be continued for two years more till 31st December 1966 at the existing rate of duty, that is, 50 per cent *ad valorem*, exclusive of surcharge.
- (2) The Government of Uttar Pradesh should be persuaded to relax its restrictive policy and make lime-stone deposits at Kota available to manufacturers of calcium carbide as well which, it appears, is possible without prejudice to the interest of its cement factory.
- (3) It is the spirit behind the Electricity Rules of the Government of Maharashtra which is relevant to the issue of concessional duty on electricity and if the unilateral concession offered were motivated by a desire to assist deserving industries, the request of Calico Mills—Chemical Division can be met by the State Government by a suitable amendment widening the scope of the exemption in the Rules.
- (4) Since calcium carbide is an important industrial raw material, its producers, in the discharge of their obligations to consumers, should at all times take particular care to ensure that their selling prices bear a reasonable relationship to costs and spare no efforts to bring down costs in which process as in case of raw materials and power Government should afford them all facilities.
- (5) Industrial Chemicals Limited should not shift to "B" grade output by changing its raw materials since apart from the question of its past reputation the maintenance of its production of grade "A" with a gas yield comparing favourably with grade "B" of other producers would be necessary for this company to sustain its competitive position in distant markets.

2 Government have given careful consideration to these recommendations but having regard to the progress the industry has made so far and the fact that in the present circumstances there is no likelihood of any unhealthy competition from imports, Government consider that tariff protection to the Calcium Carbide industry need not be continued beyond 31st December, 1964.

Government, however, propose to continue, for the time being, the rate of duty as at present. Necessary legislation to implement Government's decision will be undertaken in due course.

3. The attention of the Government of Uttar Pradesh is invited to recommendation (2) and of Government of Maharashtra to recommendation (3).

4. The attention of the producers of calcium carbide is invited to recommendation (4). Government have also taken note of last portion of the recommendation.

5. Attention of the Industrial Chemicals Limited, Talaiyuthu, Madras is invited to recommendation (5).

#### ORDER

Ordered that the Resolution be published in the Gazette of India and a copy thereof communicated to all concerned.

**No. 4(1)-Tar/64.**—The Tariff Commission has submitted its Report on the continuance of protection to the Titanium Dioxide Industry on the basis of an inquiry undertaken by it under sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows:—

- (1) As Travancore Titanium Products Ltd. (T.T.P.) is still passing through an important developmental stage, the tariff protection to the titanium dioxide industry may be continued for a further period of three years after 31st December 1964 when its present term is due to expire and it would be adequate if the rate of protective duty be fixed at 25 per cent *ad valorem* (preferential) and 35 per cent *ad valorem* (standard).
- (2) In view of the very important bearing of the question on the economy and future development of the industry, the management of T.T.P. should, as early as possible, undertake a careful and detailed techno-economic survey of different sites offering comparable facilities before taking the final decision about the location of its new 25-tonne unit in the first phase of its expansion. It would be desirable to undertake the survey taking into account the next phase of its expansion and having due regard to the possibilities and prospects of a change-over to the chloride process in future. The attention of the Directorate General of Technical Development is also invited to this problem for giving necessary guidance and help to the Company.
- (3) The need for meeting the requirements of small consumers, who lack resources for maintaining adequate stocks and cannot make spot purchases at the list prices of the Company, should be given due consideration both by the D.G.T.D. and the selling agent.
- (4) In view of the complaints of the Paint industry that its needs for special grades are not being met by T.T.P. and since its latest expansion of capacity offers better opportunities for diversifying its production, T.T.P. should try to meet the demand of the paint industry to the extent possible and economically justifiable. The paint manufacturers too should appreciate that diversification of production for a single unit in the field with comparatively limited capacity, has to be gradual.
- (5) As regards the process of manufacture to be adopted in its proposed 25-tonne unit at the present stage when T.T.P. has not entered into any irrevocable commitments the entire scheme calls for a rethinking on the part of the Company in the light of the latest developments in the industry and also for a high level technical investigation of the possibilities of adopting the chloride process in this country with suitable technical collaboration.
- (6) In view of the investigations for the selection of process and location of the proposed 25-tonne unit, the period of gestation may extend beyond the Company's present estimate. To achieve possible economies in production costs meanwhile, the desirability of effecting certain extensions or readjustment to the present plant so as to remove imbalances and ensure optimum yield, may have to be considered. To avoid under-utilisation of the post-calcination equipment and also to step up the production of rutile grade to meet the growing demand from consuming industries for it, the installation of an additional 5-ton calciner for the rutile grade with necessary adjustments in the preparatory sections seems to be advantageous. A careful and urgent consideration by the Company is commended.
- (7) Since the utilisation of valuable waste products is expected to yield a material economy in T.T.P.'s production costs at Trivandrum, compensating for some of its locational disadvantages, the management should move energetically in bringing such a scheme to fruition as early as possible.
- (8) While T.T.P. had, according to the volume of its orders in 1963, qualified for a naked-at-works (N.A.W.) price of 50 sh. per tonne of ilmenite, the actual price paid by it was much in excess. Evidently, in conditions of the availability of cheaper supply from alternative sources, it was not justifiable on the part of T.T.P., as a protected industry, to make its purchases of ilmenite at any higher price from F.X.P. Minerals. The obligation imposed on T.T.P. by the protective

tariff makes it incumbent on the Company to make its purchases at the lowest available prices in the interest of reducing its cost and improving its competitive strength, eschewing other considerations.

- (9) Since the quality of Manavalakurichi ilmenite is equally good if not better than Chavara ilmenite, except for the slightly lower titanium dioxide content, the use thereof holds out prospects of a significant economy in the cost of the material due to its lower f.o.b. prices and transport charges. In future T.T.P. should consider purchases of ilmenite from Manavalakurichi according to its availability.
  - (10) Since T.T.P. has not been able to avail of the technical consultancy services of British Titan Products Ltd., it would be well advised to arrange for alternative technical consultancy service of a comparable level, particularly having regard to the expansion programme of the Company and its export obligations in future.
  - (11) Since the composite grade proposed to be produced by T.T.P. is likely to fetch a price lower than the standard grade, without commensurate reduction in cost, the yield of such non-standard products should be kept within reasonable limits having regard to the financial results involved and without extensive sacrifice of quality.
  - (12) In the interest of assisting the development of the titanium dioxide industry on a sound basis, as much as of other industries serviced by the canal to Trivandrum, we should like to impress on the Government of Kerala that ensuring its perennial navigability should be given due consideration on a priority basis.
2. Government have given careful consideration to these recommendations but having regard to the progress the industry has made so far and the fact that in the present circumstances there is no likelihood of any unhealthy competition from imports, Government consider that tariff protection to titanium dioxide industry need not be continued beyond 31st December 1964.
- Having regard to revenue considerations Government, however, have decided to continue the rates of duty as at present.
- Necessary legislation to implement Government decisions will be undertaken in Parliament in due course.
3. Government have taken note of recommendations (2) and (3) and steps will be taken to implement them as far as possible. Attention of Travancore Titanium Products Ltd. is also invited to these recommendations. Attention of the selling agent, viz. T. T. Krishnamachari & Co., is also drawn to recommendation (3).
4. Attention of the Travancore Titanium Products Ltd. is drawn to recommendations (4) to (11) and that of the Paint Manufacturers to recommendation (4).
5. Attention of the Kerala Government is drawn to recommendation (12).

#### ORDER

Ordered that the Resolution be published in the Gazette of India and a copy thereof communicated to all concerned.

**No. 14(1)-Tar/64.**—The Tariff Commission has submitted its Report on the continuance of protection to the Dyestuff Industry on the basis of an inquiry undertaken by it under Sections 11(e) and 13 of the Tariff Act, 1951. Its recommendations are as follows:—

- (1) The existing protective duty of 20 per cent *ad valorem* on dyestuffs covered by Indian Customs Tariff item Nos. 30 (15) and 30 (16) should be continued for a further period of three years, i.e., till 31st December, 1967, exclusive of surcharge and the countervailing excise duty.
- (2) Protection should be granted till 31st December, 1967 to—
  - (i) naphthols by converting the existing revenue duty of 50 per cent *ad valorem* into an equivalent protective duty; and
  - (ii) fast colour bases by the levy of a protective duty of 100 per cent *ad valorem*.

These duties are exclusive of usual surcharge and countervailing excise duty.

(3) Protective duties should be levied till 31st December, 1967 on the following:

- (i) 2-amino-anthraquinone at 45 per cent *ad valorem* (Preferential) and 55 per cent *ad valorem* (Standard).
- (ii) benzanthrone at 90 per cent *ad valorem* (Preferential) and 100 per cent *ad valorem* (Standard).
- (iii) B.O.N. acid (Beta Oxy Naphthoic acid) at 70 per cent *ad valorem* (Preferential) and 80 per cent *ad valorem* (Standard).

These duties are exclusive of usual surcharge and the countervailing excise duty.

(4) Thirty specific intermediates mentioned below should be granted the concessional rates of duty of 10 per cent *ad valorem* (standard) and nil (preferential) and the concession should remain in force till 31st December 1967 when the question of its further continuance should be examined:

1. Dinitro-chloro benzene.
  2. O-anisidine.
  3. P-anisidine.
  4. Alpha naphthylamine.
  5. O-toluidine.
  6. O-tolidine.
  7. O-nitro toluene.
  8. Benzidine and benzidine dihydrochloride.
  9. 2:5-dichloro nitro benzene.
  10. Laurent acid.
  11. O-dichloro benzene.
  12. O-nitro Chloro Benzene.
  13. Meta-dinitro benzene.
  14. J-Acid urea.
  15. Anthraquinone.
  16. H-acid.
  17. Chicago acid.
  18. Gamma acid.
  19. Para-nitro aniline.
  20. Aceto-acetic ester.
  21. P-toluidine.
  22. 3:3-dichloro benzidine.
  23. C-acid.
  24. Aceto-acet-o-toluidine.
  25. Aceto-acet-o-chlor-anilide.
  26. Tobias acid.
  27. Phenyl peri acid.
  28. 2-chloro-4-nitro aniline.
  29. Aceto-acet anilide.
  30. P-toluidine-o-sulphonic acid.
- (5) The existing concessional rates of duty on H-acid, Chicago-acid, Gamma-acid and J-acid urea should be extended to their corresponding salts as under, as they are required only for the manufacture of dyes:
- (a) H-acid and its alkali metal salts.
  - (b) Chicago-acid and its alkali metal salts.
  - (c) Gamma acid and its alkali metal salts.
  - (d) J-acid urea and its alkali metal salts.

- (6) Beta naphthol should continue to be exempted from the payment of countervailing excise duty till the domestic production of this commodity is established.
- (7) Since the consumption of dimethylaniline in the dyestuff industry is substantial the existing duty concession may be maintained on condition that the manufacturer binds himself to use the intermediate in the manufacture of dyestuff only and, in the event of its use for any other purpose, to pay the difference between the concessional duty and the normal duty leviable in respect of the quantity so used.
- (8) Para di-chloro benzene, di-nitro toluene and meta nitro toluene should be removed from the concessional list and normal rates of duty of 40 per cent *ad valorem* (standard) and 30 per cent *ad valorem* (preferential) may be reimposed on them.
- (9) Government should try to obtain releases from their obligations under General Agreement on Tariff and Trade (GATT) to bind the import duties on the following six intermediates, namely, (1) G-Salt, (2) rhoduline acid (di-J-acid), (3) Nevile and Winther's acid, (4) p-amino acetanilide, (5) sodium naphthionate and naphthionic acid and (6) meta phenylene diamine so that they be free to impose customs duties on them at such rates as may be found necessary.
- (10) Steps may be taken to record figures of imports of pigment printing emulsions, reactive dyes and optical whitening agents separately.
- (11) (a) As there is no firm planning with regard to the production of 12 intermediates mentioned below it would be advisable to license such of the existing units as can take up the production of these intermediates to the extent of the quantities needed:—
  1. Aceto acetic ester.
  2. Phthalic anhydride.
  3. Alpha naphthylamine.
  4. O-tolidine.
  5. Benzidine/benzidine dihydrochloride.
  6. Chlorobenzene.
  7. Phenol.
  8. 3:3 dichloro benzidine.
  9. 4-chloro-2-nitro-aniline.
  10. C-acid.
  11. Aniline.
  12. Aceto-acet-o-toluidide.
- (b) In the case of eight intermediates listed below it would be desirable to license other units for their production if the plans of the Hindustan Organic Chemicals for the manufacture of intermediates do not materialise. In that case there is also scope and need for the licensing of additional capacity for o-, m-, and p-toluidines:—
  1. Dinitro chloro benzene.
  2. Dimethyl aniline.
  3. 2:5 Dichloro nitro benzene.
  4. O-&p-dichloro benzenes.
  5. O-m-and p-nitro toluenes.
  6. Dinitrotoluene.
  7. O-and p-nitrochloro benzenes.
  8. m-dinitrobenzene.
- (12) It would be in the interest of development of the indigenous industry to encourage the domestic production of intermediates by providing whatever foreign exchange can be made available for the import of equipment in preference to the import of such intermediates which can be manufactured in the country.



(13) Government should make available adequate foreign exchange directly to the manufacturers of intermediates to cover their requirements for purpose of raw materials for the intermediates.

(14) Although the dyestuff industry is faced with the problems of higher rates for raw materials and other elements of cost of manufacture, there is still further scope for reduction in prices of dyestuffs.

2. Government accept recommendation (1). Government also accept recommendations (2) and (3) above in so far as protection to the industry is concerned. As regards the increase in the rates of duty on fast colour bases, benzanthrone and beta-oxy-naphthoic acid (B.O.N. Acid), Government consider that the standard protective rates should not exceed 75% *ad valorem*. Accordingly, Government have decided that the following protective duty may be levied on the commodities mentioned against each:—

1. Fast colour bases	75% <i>ad valorem</i>
2. Benzanthrone	65% <i>ad valorem</i> (preferential) and 75% <i>ad valorem</i> (standard)
3. Beta-oxy-naphthoic Acid (B.O.N. Acid)	65% <i>ad valorem</i> (preferential) and 75% <i>ad valorem</i> (standard)

Government have, however, accepted the recommendation of the Tariff Commission with regard to the levy of duty of 50 per cent *ad valorem* on naphthols and of 45% *ad valorem* (preferential) and 55 per cent *ad valorem* (standard) on 2-amino-anthraquinone.

The above rates of duty are being brought into force with immediate effect by a notifications published in the Gazette of India today. The necessary legislation will be undertaken in due course.

3. Government also accept recommendations (4) to (8) above.

4. Government have taken note of recommendations (9) to (13) and steps will be taken to implement them as far as possible.

5. The attention of the dyestuff industry is drawn to recommendation (14).

#### ORDER

Ordered that the Resolution be published in the Gazette of India and a copy thereof communicated to all concerned.

#### NOTIFICATIONS

##### TARIFFS

New Delhi, the 14th December 1964

No. 14(1)-Tar/64.—In exercise of the powers conferred by sub-section (1) of section 3A of the Indian Tariff Act, 1934 (32 of 1934), the Central Government hereby directs that with immediate effect there shall be levied on the articles specified in column (1) of the Table hereto annexed, when imported into India, a duty of customs of such amount as is specified in the corresponding entry in column (2) thereof.

#### THE TABLE

Name of Articles	Amount of duty of customs [in place of the duty specified in the First Schedule to the Indian Tariff Act, 1934 (32 of 1934)]
Coupling dyes of the Naphthol groups—	
(i) Naphthols	50 per cent <i>ad valorem</i>
(ii) Fast colour bases	75 per cent <i>ad valorem</i>

No. 14(1)-Tar/64.—In exercise of the powers conferred by sub-section (1) of section 3A of the Indian Tariff Act, 1934 (32 of 1934), the Central Government hereby directs that with immediate effect there shall be levied on the articles specified in column (1) of the Table hereto annexed, when imported into India, a duty of customs of such amount as is specified in the corresponding entry in column (2) thereof.

THE TABLE

Name of Articles	Amount of duty of customs [in place of the duty specified in the First Schedule to the Indian Tariff Act, 1934 (32 of 1934)]
The following items—	
(i) 2-amino-anthraquinone—	
(a) of British manufacture	45 per cent <i>ad valorem</i>
(b) not of British manufacture	55 per cent <i>ad valorem</i>
(ii) Benzanthrone—	
(a) of British manufacture	65 per cent <i>ad valorem</i>
(b) not of British manufacture	75 per cent <i>ad valorem</i>
(iii) Beta Oxy Naphthoic Acid—	
(a) of British manufacture	65 per cent <i>ad valorem</i>
(b) not of British manufacture	75 per cent <i>ad valorem</i>

D. N. BANERJEE, Jt. Secy.